

51

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Status Report
Follow-up to Panama Week Presidential Bilaterals

Argentina

A draft letter for the President's signature has been submitted to the NSC in which we remind Videla of his favorable comments on the prospects for Argentine ratification of the Treaty of Tlatelolco, resolution of the detainee problem, and additional visits by human rights observer teams.

We have instructed the U.S. Interests Section in Havana to discuss ratification of Tlatelolco with the Cubans.

Argentina was represented at this week's Nuclear Fuel Cycle Evaluation Conference.

The list containing the names of three thousand alleged detainees has been provided the Argentine authorities in Buenos Aires.

Secretary Vance will hold consultations with Argentine officials in Buenos Aires November 21.

The Bahamas

At our request, the CAB has agreed to review the question of reduced U.S. air service to the Bahamas after the first of the year.

We are awaiting Bahamian responses to USG communications on the fishing rights and maritime boundaries issues.

We are working with the Department of Defense on the allegations of discriminatory hiring practices and possible abuse of import privileges by American personnel at U.S. bases.

Bolivia

Although there has been no discernible progress toward a final solution to the problem of Bolivian access to the sea, direct contacts arranged by the

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Department of State, A/GIS/IPS/SRP

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-2-

President between the three concerned parties are continuing. The Foreign Ministers of Bolivia, Chile and Peru met during the UNGA and further talks between Special Representatives are scheduled.

The names of twelve American prisoners now in Bolivian jails who are ill, have committed minor offenses, or who have served time in prison longer than the sentence subsequently imposed have been provided Banzer. Significant progress has been made in most cases. One prisoner, Susan Scanlon, has been released and is expected to be free to leave Bolivia shortly.

The date for the transfer of power to an elected government, which Banzer told the President would take place by 1980, may be moved up to 1978. Banzer, himself, may be a Presidential candidate.

Chile

A draft letter for the President's signature has been forwarded to the NSC in which Pinochet is reminded of our continuing interest in a negotiated resolution of the Bolivian Corridor issue (see Bolivia) and in full Chilean adherence to the Non-proliferation and Tlatelolco Treaties.

The same letter urges Pinochet to permit a visit to Chile by the UNHRC. Assistant Secretary Todman has underscored the importance the USG attaches to such a visit with Ambassador Cauas and to UN Under Secretary Buffum. Buffum will attempt to facilitate negotiations on the matter between Santiago and the UN.

Colombia

President Lopez made a persuasive presentation in favor of U.S. ratification of the Canal Treaties to Senator Hollings during the latter's August visit to Colombia. Lopez presumably would be prepared to do the same with other visiting Senators.

We have indicated a readiness to increase our assistance in combatting narcotics trafficking by

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-3-

funding a pilot marijuana bilateral eradication project in which the Colombians are interested. Cooperation remains close; the helicopters already delivered were instrumental in two large cocaine seizures this month.

We have no information that Lopez has made any efforts to influence countries to sign the Treaty of Tlatelolco. Even though Colombia has not yet ratified the NPT, we are encouraging it to negotiate a safeguards agreement with the IAEA as required by Tlatelolco.

On trade matters:

- The Colombians were concerned that an International Trade Commission (ITC) investigation could have resulted in limitations being placed on its exports of cut flowers to the U.S., but the ITC ruled in July that imports of cut flowers from Colombia were not injuring U.S. producers. President Lopez' concern, therefore, is presumably aimed at future USG actions which could curtail its cut flower exports.
- The Department of Treasury is conducting a countervailing duty investigation on leather handbags. A preliminary determination is due October 22, 1977, and a final determination is due April 22, 1978.
- Colombia wants increases in its quotas for certain categories of products, particularly men's suits, under our bilateral textile agreement, which expires June 30, 1978. Colombia's requests will be taken into consideration during negotiations next year for renewal of the textile agreement.

Costa Rica

The Costa Ricans signed the \$5 million FMS Credit Agreement for patrol boats and are now in active negotiations with shipbuilders.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-4-

Decisions on trade preferences and U.S. positions on meat restraint negotiations are pending.

There have been no new developments in the Vesco case; he remains in Costa Rica.

Although we have heard nothing further about Oduber's commitment to seek private financing for next year's visit of the Youth Symphony, he probably took advantage of his UNGA visit to contact U.S. companies.

Oduber has taken no further steps toward establishing full diplomatic relations with Cuba.

Dominican Republic

We are encouraging the Dominicans to join the new International Sugar Agreement and indications are that they will participate.

Ecuador

The Ecuadorean and Peruvian Foreign Ministers met during the UNGA to discuss their border dispute. According to the Ecuadorean Minister, Peru agreed that negotiations should lead to Ecuadorean sovereign access to the Marañon River. So far, we have no corroboration of this interpretation of the talks from Lima.

On arms requests:

- Ecuador has agreed to pay the expenses for a U.S. survey team visit this month to assess the suitability of the Vulcan/Chapparral missile system for Ecuador's needs.
- The Department of Defense was able to accelerate the shipment of recoilless rifles.
- We told the Ecuadoreans that we have no additional destroyers available until FY 80 but that, at the Secretary's request, Ecuador has been added to the waiting list.

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-5-

Mr. Robert Pastor of your staff is arranging a meeting between President Carter and Special Trade Representative Strauss to discuss a possible Presidential declaration on the issue of GSP exclusion.

Only one of the four pending Ecuadorean loan requests to the IDB has been approved on soft-loan terms. Treasury has raised questions on the other three and we are continuing our discussions with that Department.

The constitutional plebiscite is scheduled for next January 15.

El Salvador

The OAS has not yet responded to El Salvador's official invitation for the Inter-American Human Rights Commission to visit the country.

The exchange of the instruments of ratification of the Mediation Agreement with Honduras is scheduled to take place November 22 at OAS headquarters here in Washington. The Agreement will go into effect the following day.

The Church/Government Commission about which Romero spoke has met once or twice since it was formed but has made little progress. The two sides seem to be at loggerheads over the question of whether exiled priests will be permitted to return.

Grenada

AID teams on health, agriculture and education will return from visits to the Caribbean the end of this year and will subsequently prepare reports and recommendations on the most effective means of assisting Caribbean nations.

The three volume study on UFO's mentioned by the President was given to Prime Minister Gairy earlier this month. His expression of pleasure for the books was the lead news story on the Caribbean radio network that day.

In response to Gairy's request for support for

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-6-

his proposal to establish a UN agency to study UFO's we are informing Grenada's UN Mission that while we have no objection to the proposal we feel funding should be kept to a minimum. We will offer to make previous USG studies on UFO's available to the UN.

Once we have completed negotiations with Barbados on the continued use of our military facilities there, we plan to inform Gairy informally that we have no need for additional military facilities at this time and thank him for his offer.

Guatemala

If Guatemala accepts the latest British offer for a settlement of the Belize dispute, the chances for improved relations with Panama are good. If Guatemala adopts a hard line, improved relations with Panama are not likely. We will have to wait until we know what course Guatemala will follow before determining what actions we might take to assist in improving bilateral relations between the two Central American nations.

In the ongoing Anglo-Guatemalan talks on Belize, it has become apparent that a mediator could be a useful face-saving device for blessing whatever agreement is eventually worked out by the parties involved. We will continue to monitor this aspect of the issue closely.

We have learned that there is no chance the British will offer any territorial cession to Guatemala beyond the Moho River; thus the possibility of holding a referendum to determine the wishes of the people in the area is not a real option.

We have kept in close touch with the British since the President's talk with Laugerud.

Honduras

Although consideration of the El Cajon Hydroelectric Project by the EXIM Bank would be premature, we have discussed the possibility of supporting the Honduran

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-7-

project in IFIs with Treasury. Provided the project is deemed to be feasible by the IDB and IBRD, we are prepared to support it. However, Treasury believes it would be a bad precedent to make a commitment in principle until shortly before the Banks' Boards of Directors meet in June of next year. In the meantime, we plan to inform the Hondurans of our interest in the project and our intention to await the outcome of the evaluative studies.

For a report on the status of the Mediation Agreement with El Salvador, see El Salvador.

Panama

The plebiscite on the Canal Treaties will be held in Panama this Sunday. The Torrijos administration has campaigned actively in its quest for public support. Presidents Carter and Torrijos have kept in close touch as the ratification process in each country moves ahead. They met a week ago and approved a statement of understanding designed to lessen concerns expressed by several U.S. Senators over the treaties.

The Department is devoting considerable energy and resources to the effort to gain ratification of the Treaties in the United States.

Paraguay

We have suggested to the Paraguayans that they extend their invitation for us to send a representative to observe next February's elections to the new American Ambassador after the first of the year. We will give the matter serious consideration at that time. (We are reluctant to send an observer because we want to avoid giving any impression that we endorse the election results.)

Assistant Secretary Todman obtained Stroessner's written agreement to permit an IAHRC inspection visit to Paraguay following next year's elections. Although we have no present specific plans to send someone from our Human Rights Office to visit Paraguay, we note that Patt Derian was tentatively scheduled to make a visit there in August but deferred her trip in order not to conflict with a previously scheduled visit by Ambassador

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-8-

Todman and Mr. Lister.

Paraguayan loan applications are being considered on a case-by-case basis by the Inter-Agency Group. Some loans which have met with the needy criteria have been approved since Stroessner's written agreement to receive a visit from the IAHR.

We have determined we cannot be forthcoming on Stroessner's request for road building equipment since it is of the kind that might be supplied under an FMS military agreement. The FY 77 FMS Credit Agreement was not signed and the future of any kind of an FMS program in Paraguay is uncertain.

After payment of an overdue installment, EXIM agreed to give normal consideration to financing the two DC-8's as requested by Stroessner. The Bank was anxious to increase business with Paraguay and felt the aircraft loan would be approved. The project will probably collapse, however, as the result of the American manufacturers' insistence that the Paraguayans buy a spares package which brings the cost of the deal to \$15 million. This figure is considered too high by the Paraguayans since the anticipated revenue would not pay the interest on the loan.

Peru

Although arms and materiel purchased earlier continue to flow through the pipeline, the Peruvians have maintained their commitment not to purchase new items. (This does little to persuade Chile and Ecuador to level off their own acquisitions.) We have no indication that Morales Bermudez has discussed Peru's unilateral moratorium on arms purchases with his neighbors as President Carter suggested.

For a discussion of the Bolivian Corridor issue, see Bolivia.

Peru and the IMF have agreed in principle on a two year standby of \$103 million to be disbursed quarterly. In exchange, Peru has instituted new austerity measures. We are considering the establishment of a PL 480 Title I program of up to \$20 million for FY 78.

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-9-

Talks with Ecuador over the latter's desire for sovereign access to the Amazon begun in Washington during Panama Week continued during the UNGA in a meeting of the Peruvian and Ecuadorean Foreign Ministers. In contradiction to statements made by the Ecuadorean Foreign Minister, information available to us indicates that there is little substantive flexibility in the Peruvian position.

Uruguay

ARA does not believe we should assist in the publication of the Uruguayan Government's response to the IAHRG Special Report on Uruguay because it includes a defense of the military government's actions.

A draft letter for the President's signature has been forwarded to the NSC in which Mendez is reminded of our continuing interest in human rights matters, including Uruguayan agreement to accept a visit of an international observer team. We are also keeping up the pressure on the commitment to create an information commission to respond to human rights inquiries.

Negotiations were conducted with the Uruguayans and a tentative agreement reached to phase out Uruguayan export subsidies on a stepped-up basis in return for a U.S. waiver of countervailing duties.

Venezuela

President Carter's November 22-23 visit to Caracas will provide the opportunity to continue the exchange of information and views on the Belize dispute, Bolivian corridor issue, the Argentine situation, other hemisphere problems, southern Africa and OPEC oil prices.

Venezuela attended this week's Nuclear Fuel Cycle Evaluation Meeting.

We sent a brief analysis of the Andean Pact's Automotive Sectoral Program for Industrial Development to your staff. The assessment was positive on the political side -- that the signing of the program was a welcome sign of vitality and cooperation among the Andean Common Market Countries. Skepticism was expressed, however, about the economic principle underlying the agreement and embodied in it -- that

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-10-

economic development can be hastened by governments' allocating among themselves parts of the production process in particular industries.

A meeting will be called in December of various IFI's and potential donor countries, including Venezuela, to consider the establishment of a Consultative Group for Caribbean Development and to begin to outline a development strategy.

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